



N A R U C
National Association of Regulatory Utility Commissioners

August 15, 2003

The Honorable Michael Powell
The Honorable Kathleen Abernathy
The Honorable Michael Copps
The Honorable Kevin Martin
The Honorable Jonathan Adelstein

RE: In the Matter of Verizon Communications Inc.'s Petition for Forbearance from the Current Pricing Rules for the Unbundled Network Element Platform, WC Docket 03-157

Dear Commissioners,

On July 1, 2003, the Verizon Telephone Companies (Verizon) filed a petition for expedited forbearance, pursuant to section 10 of the Telecommunications Act of 1996, 47 U.S.C. § 160, requesting the Federal Communications Commission (FCC) to "immediately forbear from its decision permitting UNE-P carriers to collect per-minute access charges from long distance carriers . . . and . . . [to] forbear from applying its current TELRIC pricing rules to the . . . UNE platform.

The National Association of Regulatory Utility Commissioners joined in a request for an extension of time to allow the Committee on Telecommunications to consider the Verizon proposal, which the FCC granted. At the NARUC Summer meeting in Denver, the Verizon forbearance petition was the topic of quite a bit of discussion and debate.

But in the end, there was little disagreement. Ultimately, NARUC passed the attached resolution urging the FCC to expeditiously reject Verizon's request.

The FCC is required by federal statute to address the Verizon petition within fifteen months. The proceeding poses a range of complex factual and statutory issues and, though forbearance may be appropriate on a State-by-State or market-by-market basis where market conditions warrant, a forbearance proceeding is not the appropriate vehicle for an analysis of the national TELRIC methodology.

After six years of relative uncertainty, the pricing methodology originally mandated by the FCC has been substantially upheld at the State and federal levels. The FCC is expected to initiate a generic review of the TELRIC Methodology as early as next month. With implementation of the Triennial Review and the FCC's recent focus on intercarrier compensation issues, and its upcoming proposed broadband rulings, now is the time to provide additional certainty in the regulatory structure. Any needed adjustments to the national methodology is best addressed in the context of a rulemaking proceedings. At this stage in the development of a

competitive telecommunications market, with the variation of growth in competition among the States, it is clear that national forbearance is premature.

If you have questions about this or any other NARUC position, please do not hesitate to contact me or NARUC's General Counsel Brad Ramsay.

Sincerely,

_____/s/_____

Robert B. Nelson

Chair, NARUC's Committee on Telecommunications

cc: Tamara L. Preiss
Chief, Pricing Policy Division
Wireline Competition Bureau